

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 JUSE-00 TRSE-00 SS-15 SP-02 NSC-05 H-02

PA-01 PRS-01 USIA-06 L-03 FRB-03 SCA-01 /050 W

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R 261913Z AUG 76

FM AMEMBASSY NASSAU

TO SECSTATE WASHDC 8549

LIMITED OFFICIAL USE SECTION 1 OF 2 NASSAU 1352

DEPARTMENT PLEASE PASS JUSTICE FOR BAILOR

E.O. 11652: N/A

TAGS: PINT PFOR CFED BF

SUBJ: 60 MINUTE PROGRAM

REF: NASSAU 1345

1. AS REPORTED REFTEL, 60 MINUTE CREW HAS BEEN CONDUCTING INTERVIEWS FOR THE PROGRAM HERE IN NASSAU. TODAY THEY INTERVIEWED TIM DONALDSON, GOVERNOR OF THE CENTRAL BANK, AND GAINED PERMISSION TO INTERVIEW MINEXTAFF ADDERLEY. (ADDERLEY, AS YOU KNOW, IS IN NEW YORK AT THE MOMENT AND PRESUMABLY WILL BE INTERVIEWED LATER.) LANDO, PRODUCER OF 60 MINUTES, TO WHOM I HAD SPOKEN SEVERAL WEEKS AGO, ASKED IF MIKE WALLACE MIGHT INTERVIEW ME ESSENTIALLY ON THE QUESTION OF THE EFFECT ON U.S./BAHAMIAN RELATIONS OF THE "HAVEN"/"TRADEWINDS" UNDERTAKINGS. THIS I AGREED TO DO.

2. THERE WERE BASICALLY THREE OR FOUR LINES OF QUESTIONING:

(A) IN VIEW OF THE FACT THAT THE IRS PERFORMANCE UNDER "HAVEN/ AND "TRADEWINDS" WAS INAPPROPRIATE, HOW HAS THE GCOB REACTED? MY ANSWER TOOK THE GENERAL LINE THAT WE PROVIDED A VERY FULL AND DETAILED ACCOUNT OF THE ACTIVITIES OF IRS AGENTS DURING THIS PERIOD, MAKING IT CLEAR THAT IN THE FUTURE ALL INVESTIGATIONS WOULD BE CONDUCTED IN STRICT

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ACCORDANCE WITH THE PROPRIETY AND LEGALITY REQUIRED. I

BELIEVE THAT THE GOVERNMENT WAS SATISFIED WITH OUR ACTION.

(B) IS IT NOT TRUE THAT THE BAHAMAS AT LEAST TOLERATES, IF NOT ACTUALLY FOSTERS AND ENCOURAGES, ILLEGAL TAX EVASION EFFORTS ON THE PART OF AMERICANS? I ANSWERED THAT NO, TO THE BEST OF MY KNOWLEDGE THIS WAS NOT TRUE AND, TO THE CONTRARY, THE GOVERNMENT WISHED TO ENCOURAGE LEGITIMATE INVESTMENT IN THE DEVELOPMENT OF ITS ECONOMY AND THEREFORE COULD HARDLY AFFORD TO ENCOURAGE UNSAVORY ACTIVITIES.

(C) SUPPOSE, HYPOTHETICALLY, AN AMERICAN ILLEGALLY TOOK FUNDS OUT OF THE U.S. AND WISHED TO DEPOSIT THEM IN AN AMERICAN BANK IN THE BAHAMAS. COULD HE DO SO? I SAID TO THE BEST OF MY KNOWLEDGE, MOST ACCOUNTS HELD IN THE BAHAMAS WERE ACTUALLY THOSE BELONGING TO OTHER THAN U.S. NATIONALS, I.E., EUROPEAN, LATIN AMERICAN, ETC. I SAID THAT THE BANKERS IN NASSAU HAD TOLD ME THAT THEY DISCOURAGED AND GENERALLY DID NOT ACCEPT ACCOUNTS FROM AMERICANS. (WALLACE THEN DISCLOSED THAT HE AND OTHER MEMBERS OF HIS ENTOURAGE HAD IN FACT MADE MAJOR DEPOSITS -- IN WALLACE'S CASE DOLS 6,000 -- AT CITY BANK OF NEW YORK AND IN CHASE MANHATTAN. MOREOVER, HE STATED THAT HE WENT OUT OF HIS WAY TO IMPLY IN OPENING THE ACCOUNT THAT THIS WAS A SHADY OPERATION, I.E. BY ASKING THAT NO REPORT BE MADE TO THE STATES, THAT HIS FAMILY NOT BE INFORMED, ETC. HIS POINT WAS THAT DESPITE ALLEGATIONS BY THE BANKERS THEY DO IN FACT ACCEPT FUNDS WHICH MIGHT HAVE BEEN ILLEGALLY TRANSPORTED FROM THE STATES AND WHICH MIGHT BE DEPOSITED HERE TO AVOID U.S. TAXES.)

(D) WHAT SORT OF COOPERATION HAD WE HAD FROM THE BAHAMIAN GOVERNMENT SINCE "HAVEN" AND "TRADEWINDS?" COOPERATION HAD BEEN EXCELLENT. WHENEVER WE HAD A REQUEST FOR A LEGITIMATE INVESTIGATION, WE WERE ABLE TO APPROACH THE FOREIGN MINISTER, EXPLAINING THE NATURE OF OUR REQUIREMENTS AND HAD WITHOUT EXCEPTION RECEIVED COMPLETE COOPERATION.

(E) WAS THE EMBASSY AWARE OF OPERATIONS "TRADEWINDS" AND "HAVEN," DID IT SANCTION OR SUPPORT THEM AND WAS IT LIMITED OFFICIAL USE

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AWARE OF THE USE OF INFORMANTS? NO, THE EMBASSY WAS NOT, NOR WAS THE DEPARTMENT OF STATE. (WALLACE THEN PRODUCED ONE OF SEVERAL MEMOS WHICH HE HAD IN HIS POSSESSION FROM THE IRS WHICH STATED THAT IN OCTOBER 1974 AGENTS JAFFE AND GRANT VISITED NASSAU AND MET WITH ROZ RIDGWAY, MY THEN DCM, AND WITH ME TO BRIEF US. THE MEMORANDUM DID NOT SAY THAT THEY BRIEFED US ON EITHER OPERATION "HAVEN" OR "TRADEWINDS" BUT RATHER STATED THAT THEY MAINLY BRIEFED US ON A

REQUEST TO DISCUSS CERTAIN MATTERS WITH COMMISSIONER OF
POLICE SALATHIEL THOMPSON. I REPLIED THAT I HAD, OF COURSE,
ONLY BEEN IN THE BAHAMAS A VERY SHORT TIME AND DID NOT RECALL
THE MEETING IN QUESTION. I FURTHER SAID THAT I DID NOT RECALL
ANY MENTION OF OPERATIONS "HAVEN" OR "TRADEWINDS" AND THAT
NOTHING IN THE EMBASSY FILES INDICATED THAT I OR MY PREDECESSOR
HAD BEEN BRIEFED ON THIS MATTER. I SAID THAT ON THE OTHER HAND,
IF WE HAD BEEN ASKED TO APPROVE A MEETING WITH THE
COMMISSIONER OF POLICE, THAT WOULD HAVE BEEN ENTIRELY
APPROPRIATE AND WE WOULD HAVE UNDOUBTEDLY DONE SO. I
FURTHER NOTED THAT THE MEMORANDUM DID NOT SAY THAT WE HAD
BEEN BRIEFED ON "HAVEN" AND "TRADEWINDS," ALTHOUGH IT DOES
REFER IN A GENERAL WAY TO BRIEFING US ON IRS OPERATIONS
"PAST AND FUTURE." WALLACE STATED THAT HE HAD OTHER IRS
MEMORANDA, WHICH HE DID NOT SHOW ME, WHICH ALLEGE THAT
EMBASSY OFFICERS PRIOR TO THE TIME OF MY APPOINTMENT HAD
BEEN IN CONTACT WITH IRS AND PRESUMABLY HAD BEEN BRIEFED
ON THESE OPERATIONS. I REPEATED THAT I FOUND IT ENTIRELY
PLAUSIBLE THAT IRS MIGHT HAVE BEEN IN TOUCH WITH EMBASSY
OFFICERS PRIOR TO MY COMING ON THE SCENE, BUT THAT WE

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ACTION ARA-10

INFO OCT-01 ISO-00 JUSE-00 TRSE-00 SS-15 SP-02 NSC-05 H-02

PA-01 PRS-01 USIA-06 L-03 FRB-03 SCA-01 /050 W

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R 261913Z AUG 76

FM AMEMBASSY NASSAU

TO SECSTATE WASHDC 8550

LIMITED OFFICIAL USE SECTION 2 OF 2 NASSAU 1352

DEPARTMENT PLEASE PASS JUSTICE FOR BAILOR

COULD FIND NO RECORD OF THE EMBASSY HAVING BEEN BRIEFED
ON OPERATIONS "HAVEN" AND "TRADEWINDS."

(COMMENT: AT THE TIME "HAVEN" AND "TRADEWINDS" CAME INTO
THE PUBLIC ARENA EMBASSY QUERIED CONSUL GENERAL SPEAR,

AMBASSADOR SPIERS AND ROZ RIDGWAY AS TO THEIR POSSIBLE KNOWLEDGE OF EITHER OF THESE IRS ACTIVITIES. THEY COULD RECALL NO REFERENCE BY IRS OFFICIALS TO ACTIVITIES UNDER THOSE OPERATIONS OR TO APPROVING OTHER THAN ROUTINE VISITS, SUCH AS THE CALL UPON POLICE COMMISSIONER SALATHIEL THOMPSON TO WHICH IRS MEMO IN WALLACE'S POSSESSION REFERS.)

(F) COULD I STATE WHETHER THE IRS CONTINUED TO UTILIZE SECRET INFORMANTS IN THE BAHAMAS? I STATED THAT I COULD CATEGORICALLY DENY THAT SUCH WAS THE CASE AND WE HAD INFORMED THE GCOB THAT THE PROCEDURES FOLLOWED IN THE "HAVEN" AND "TRADEWINDS" INCIDENTS WERE NO LONGER EMPLOYED. (MY ANSWER APPARENTLY SATISFIED. NO FOLLOW-UP QUERIES WERE MADE. LANDO SUBSEQUENTLY, IN AN OFF-THE-RECORD DISCUSSION, INDICATED THE FULL KNOWLEDGE OF THE ONE CONTINUING OPERATION WHICH HAS BEEN THE SUBJECT OF OUR CONCERN BUT AGREED WITH MY CONTENTION THAT THIS WAS AN ENTIRELY LEGAL UNDERTAKING, USING PUBLIC RECORDS, AND WAS THUS NOT APPROPRIATELY DESCRIBED AS A "SECRET INFORMANT." NAME OF PERSON WAS NEVER MENTIONED. I DO NOT BELIEVE THAT THEY INTEND TO MAKE AN ISSUE OF THIS LIMITED OFFICIAL USE

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OR EVEN MENTION IT ON THE PROGRAM.)

(G) COULD I COMMENT ON THE CASTLE BANK OPERATION? NO, I COULD NOT. THIS WAS A MATTER WHICH WAS UNDER LITIGATION AND WAS NOT WITHIN MY PROVINCE TO COMMENT UPON.

(H) HAD AN EXTRADITION REQUEST BEEN MADE TO THE GCOB FOR MR. WOLSTENCROFT? NO, IT HAD NOT. IN RESPONSE TO THE QUESTION WHY NOT, THE ANSWER WAS BECAUSE WE HAD RECEIVED NO INSTRUCTIONS FROM WASHINGTON FOR SUCH AN ACTION.

3. IN TALKING WITH LANDO AND WALLACE OFF THE RECORD, THE GENERAL IMPRESSION I RECEIVED WAS THAT THE PROGRAM WOULD PROBABLY CENTER AROUND CASTLE BANK AND THE OPERATION "HAVEN" AND "TRADEWINDS" UNDERTAKINGS. ON THE ONE HAND, THEY HAVE INTERVIEWED CONGRESSMAN VANIK WHO PROVIDED A VERY STRONG STATEMENT CONCERNING THE UTTER IMPROPRIETY OF PLACES LIKE THE BAHAMAS FOSTERING EVASION OF U.S. LAWS. (I MADE IT CLEAR THAT THE EMBASSY SAW ITS JOB AS FACILITATING THE EFFORTS OF U.S. INVESTIGATORY AGENCIES IN GETTING AT THOSE WHO BROKE U.S. LAWS, BUT THERE WAS A RIGHT WAY AND A WRONG WAY OF DOING SO.) ON THE OTHER HAND, I DID NOT GET THE IMPRESSION THAT THEY WERE LIKELY TO EMPHASIZE THE CULPABILITY OF THE BAHAMAS IN THE CASTLE BANK/"HAVEN"/"TRADEWINDS" STORY. IN FACT, LANDO ASSURED ME THAT MY STATEMENT THAT THE GCOB HAD, TO THE CONTRARY, BEEN FULLY COOPERATIVE WITH LEGITIMATE REQUESTS FORWARDED THROUGH APPROPRIATE (I.E. EXTERNAL AFFAIRS) CHANNELS WOULD BE INCLUDED IN THE EVENTUAL 60

MINUTE SHOW. IT IS CLEAR THAT THEY ARE HIGHLY CRITICAL OF HOW THE IRS DEPORTED THEMSELVES, HAVE INTERVIEWED NORMAN CASPER AND OTHERS. I BELIEVE THEY ARE LIKELY TO PLAY UP THIS ANGLE OF THE STORY. IF THEY DO AND IF THEY INCLUDE MY REFERENCES TO THE COOPERATION WHICH WE ENJOY FROM THE GCOB, I DO NOT THINK THE RESULTANT PROGRAM SHOULD DO ANY HARM TO U.S./BAHAMIAN RELATIONS. HOWEVER, A GREAT DEAL WILL DEPEND UPON WHAT THEY CHOOSE TO INCLUDE AND WHAT THEY CHOOSE TO EXCLUDE FROM THE PROGRAM.

4. ACCORDING TO LANDO, THEY STILL ANTICIPATE ANOTHER WEEK OR MORE OF FILMING WITH THE PROGRAM LIKELY TO BE AIRED THE LAST WEEK OF SEPTEMBER.
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